

November 17, 2005

The Honorable Ted Stevens
Chairman
Committee on Commerce,
Science, and Transportation
United States Senate
508 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Daniel Inouye
Co-Chairman
Committee on Commerce,
Science, and Transportation
United States Senate
508 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Stevens and Co-Chairman Inouye:

Even before the devastation caused by Hurricanes Katrina and Rita, skyrocketing oil and gasoline prices were taxing American families and burdening our nation's economy—with the notable exception of the oil industry which continued to rack up record profits. In fact, according to the Department of Energy, Americans will spend over \$200 billion more on energy this year than they did last year, totaling over one trillion dollars. These expenses seem directly proportional to the extraordinary \$33 billion in profits reported by the five major oil companies for the third quarter of 2005. Exxon/Mobil alone made an unconscionable \$10 billion last quarter, a 75 percent increase over last year. Moreover, the profit that refiners are collecting from gasoline sales has reportedly more than tripled from \$7 per barrel in September 2004 to over \$22 per barrel on September 27, 2005.

Given the extraordinary impact these energy costs have on families, farmers, and businesses across America, we commend your joint efforts with the Senate Energy and Natural Resources Committee to hold a hearing last Wednesday to try, as Senator Majority Leader Frist put it, to "examine reasons for high energy prices." Given our society's absolute dependency on fossil fuels – whether to power our transportation system, keep our families warm this winter, or countless other uses – both American consumers and the economy are extremely vulnerable to the whims of those with sufficient market power to artificially constrain supply or influence prices.

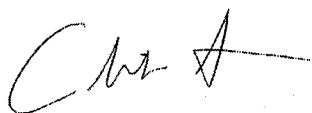
As the chief law enforcement officers of our respective states, we are writing to urge you to pass federal legislation that imposes a ban on energy price gouging. Any bill must also provide new market transparency and market manipulation authorities for the President and the Federal Trade Commission to better protect consumers in the future.

To this end, we respectfully urge the Senate Commerce Committee to expeditiously consider and pass Senate Bill 1735. While 28 states already have price gouging laws on the books, the Energy Emergency Consumer Protection Act of 2005 introduced by Senator Maria Cantwell on September 20, 2005 and cosponsored by nearly a third of the U.S. Senate, in our opinion would provide law enforcement with vitally needed tools to prevent price gouging. S.1735 would also finally shine a bright light on the practices of oil companies and refiners—a sector of the

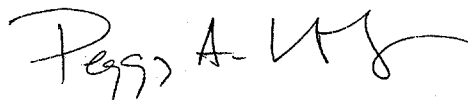
economy that historically has not received close scrutiny from federal or state regulators. In addition, we strongly support section five which empowers States with the authority to pursue civil actions on behalf of their residents for violations of price gouging prohibitions.

We look forward to working with you on this critical issue to the American public and our nation's economy. With ninety percent of Americans believing price gouging is occurring at the pumps, we have a responsibility to do everything we can to ensure it is not taking place. We believe the Energy Emergency Consumer Protection Act of 2005 can do that. Even if we determine that there is no market manipulation going on, then it would be a case of "no harm, no foul." Passage will help assure the public that government is providing the oversight they demand.

Sincerely,



Eliot Spitzer
New York Attorney General



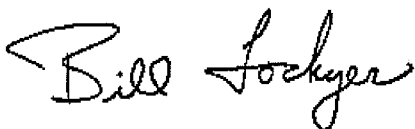
Peggy Lautenschlager
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Richard Blumenthal
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Massachusetts Attorney General